

House File 653 - Introduced

HOUSE FILE 653

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 217)

A BILL FOR

1 An Act relating to state taxation by modifying the disabled
2 veteran homestead tax credit, property tax exemptions
3 authorized for certain associations, institutions, and
4 societies, the definition of livestock for purposes of the
5 sales and use tax, exempting certain all-terrain vehicles
6 and off-road utility vehicles from the sales and use tax,
7 and including effective date and retroactive applicability
8 provisions.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

SALES AND USE TAXES

1
2
3 Section 1. Section 423.1, subsection 25, Code 2015, is
4 amended to read as follows:

5 25. *"Livestock"* includes but is not limited to an animal
6 classified as an ostrich, rhea, emu, bison, ~~or~~ farm deer, or
7 preserve whitetail as defined in section 484C.1.

8 Sec. 2. Section 423.3, subsection 8, paragraph d, Code 2015,
9 is amended to read as follows:

10 *d.* (1) For purposes of this subsection, the following
11 items are exempt under paragraph "a" when used primarily in
12 agricultural production:

13 (a) A diesel fuel trailer, regardless of the vehicle to
14 which it is to be attached.

15 (b) A seed tender, regardless of the vehicle to which it is
16 to be attached.

17 (c) An all-terrain vehicle.

18 (d) An off-road utility vehicle.

19 (2) For purposes of this paragraph:

20 (a) "All-terrain vehicle" means the same as defined in
21 section 321I.1.

22 ~~(a)~~ (b) "Fuel trailer" means a trailer that holds dyed
23 diesel fuel or diesel exhaust fluid and that is used to
24 transport such fuel or fluid to a self-propelled implement of
25 husbandry.

26 (c) "Off-road utility vehicle" means the same as defined in
27 section 321I.1.

28 ~~(b)~~ (d) "Seed tender" means a trailer that holds seed and
29 that is used to transport seed to an implement of husbandry and
30 load seed into an implement of husbandry.

31 Sec. 3. REFUNDS. Refunds of taxes, interest, or penalties
32 that arise from claims resulting from the amendment to section
33 423.1, subsection 25, in this division of this Act, for sales
34 occurring between July 1, 2005, and the effective date of this
35 division of this Act, shall not be allowed, notwithstanding any

1 other provision of law to the contrary.

2 Sec. 4. EFFECTIVE UPON ENACTMENT. The section of this
3 division of this Act amending section 423.1, subsection
4 25, being deemed of immediate importance, takes effect upon
5 enactment.

6 Sec. 5. RETROACTIVE APPLICABILITY. The section of this
7 division of this Act amending section 423.1, subsection 25,
8 applies retroactively to July 1, 2005.

9 DIVISION II

10 DISABLED VETERAN HOMESTEAD

11 PROPERTY TAX CREDIT APPLICATION

12 Sec. 6. 2015 Iowa Acts, House File 166, is amended by adding
13 the following new section:

14 NEW SECTION. SEC. 6. EXCEPTION TO APPLICATION FILING
15 DEADLINE. Notwithstanding the filing deadline under section
16 425.2, claims for the homestead credit authorized under section
17 425.15, as amended in this Act, filed after July 1, 2014, but
18 before July 1, 2015, shall be considered to be a claim properly
19 filed for taxes due and payable in the fiscal year beginning
20 July 1, 2015.

21 Sec. 7. EFFECTIVE UPON ENACTMENT. This division of this
22 Act, being deemed of immediate importance, takes effect upon
23 enactment.

24 Sec. 8. RETROACTIVE APPLICABILITY. This division of this
25 Act applies retroactively to March 5, 2015.

26 DIVISION III

27 PROPERTY TAX EXEMPTION FOR

28 CERTAIN INSTITUTIONS AND SOCIETIES

29 Sec. 9. Section 427.1, subsections 6 and 8, Code 2015, are
30 amended to read as follows:

31 6. *Property of cemetery associations.*

32 a. Burial grounds, mausoleums, buildings, and equipment
33 owned and operated by cemetery associations and used
34 exclusively for the maintenance and care of the cemeteries
35 devoted to interment of human bodies and human remains. The

1 exemption granted by this subsection shall not apply to any
2 property used for the practice of mortuary science.

3 b. Agricultural land owned by a cemetery association and
4 leased to another person for agricultural use if the revenues
5 resulting from the lease are used by the cemetery association
6 exclusively for the maintenance and care of cemeteries owned
7 by the cemetery association and devoted to interment of human
8 bodies and human remains.

9 8. *Property of religious, literary, and charitable societies.*

10 a. All grounds and buildings used or under construction by
11 literary, scientific, charitable, benevolent, agricultural,
12 and religious institutions and societies solely for their
13 appropriate objects, not exceeding three hundred twenty
14 acres in extent and not leased or otherwise used or under
15 construction with a view to pecuniary profit. However,
16 an organization mentioned in this subsection whose primary
17 objective is to preserve land in its natural state may own
18 or lease land not exceeding three hundred twenty acres in
19 each county for its appropriate objects. For assessment
20 years beginning on or after January 1, 2016, the exemption
21 granted by this subsection shall also apply to grounds owned
22 by a religious institution or society, not exceeding a total
23 of fifty acres, if all monetary and in-kind profits of the
24 religious institution or society resulting from use or lease of
25 the grounds are used exclusively by the religious institution
26 or society for the appropriate objects of the institution or
27 society.

28 b. All deeds or leases by which such property is held shall
29 be filed for record before the property herein described shall
30 be omitted from the assessment. All such property shall be
31 listed upon the tax rolls of the district or districts in which
32 it is located and shall have ascribed to it an actual fair
33 market value and an assessed or taxable value, as contemplated
34 by section 441.21, whether such property be subject to a levy
35 or be exempted as herein provided and such information shall

1 be open to public inspection.

2 Sec. 10. IMPLEMENTATION. Section 25B.7 shall not apply to
3 this division of this Act.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill relates to the policy administration of the tax and
8 related laws by the department of revenue.

9 DIVISION I — SALES AND USE TAXES. Division I exempts
10 the sales price of all-terrain vehicles and off-road utility
11 vehicles used primarily in agricultural production from the
12 sales and use tax. Under current law, such vehicles are not
13 exempt from sales and use tax unless they are directly and
14 primarily used in production of agricultural products.

15 "All-terrain vehicle" means a motorized vehicle with not
16 less than three and not more than six nonhighway tires that
17 is limited in engine displacement to less than 1,000 cubic
18 centimeters and in total dry weight to less than 1,200 pounds
19 and that has a seat or saddle designed to be straddled by the
20 operator and handlebars for steering control.

21 "Off-road utility vehicle" means a motorized vehicle with
22 not less than four and not more than eight nonhighway tires or
23 rubberized tracks that has a seat that is of bucket or bench
24 design, not intended to be straddled by the operator, and a
25 steering wheel or control levers for control.

26 Division I also amends the definition of "livestock"
27 for purposes of the sales and use tax to include preserve
28 whitetail as defined in Code section 484C.1. The definition
29 of "livestock" affects several sales tax exemptions, including
30 but not limited to the sale of agricultural breeding livestock
31 under Code section 423.3(3), the sale of food and certain
32 other products used in the health promotion of livestock under
33 Code section 423.3(5), the sale of fuel for providing heat or
34 cooling for livestock buildings under Code section 423.3(6),
35 the sale of certain bedding materials used in the production

1 of agricultural livestock under Code section 423.3(9), the
2 sale of certain farm machinery and equipment used directly
3 and primarily in livestock production under Code section
4 423.3(11), the sale of certain packaging materials used in
5 livestock production under Code section 423.3(15), and the
6 sale of livestock ear tags by certain nonprofit organizations
7 under Code section 423.3(30). The amendment to the definition
8 of "livestock" takes effect upon enactment and applies
9 retroactively to July 1, 2005. The bill prohibits refunds of
10 taxes, interest, or penalties arising from claims resulting
11 from this provision for sales occurring between July 1, 2005,
12 and the effective date of the provision.

13 By operation of Code section 423.6, an item exempt from the
14 imposition of the sales tax is also exempt from the use tax
15 imposed in Code section 423.5.

16 DIVISION II — DISABLED VETERAN HOMESTEAD PROPERTY TAX
17 CREDIT APPLICATION. Code section 425.2 establishes the filing
18 deadline for the homestead credit available to certain disabled
19 veterans under Code section 425.15. The bill provides that,
20 notwithstanding the filing deadline under section 425.2, claims
21 for the homestead credit authorized under Code section 425.15,
22 as amended by 2015 Acts, House File 166, filed after July 1,
23 2014, but before July 1, 2015, shall be considered to be a
24 claim properly filed for taxes due and payable in the fiscal
25 year beginning July 1, 2015.

26 Division II of the bill takes effect upon enactment and
27 applies retroactively to March 5, 2015.

28 DIVISION III — PROPERTY TAX EXEMPTION FOR CERTAIN
29 INSTITUTIONS AND SOCIETIES. The bill establishes a property
30 tax exemption for agricultural land owned by a cemetery
31 association and leased to another person for agricultural
32 use if the revenues resulting from the lease are used by the
33 cemetery association exclusively for the maintenance and care
34 of cemeteries owned by the cemetery association and devoted to
35 interment of human bodies and human remains.

1 The bill also amends the property tax exemption for
2 literary, scientific, charitable, benevolent, agricultural,
3 and religious institutions and societies. Under the bill, for
4 assessment years beginning on or after January 1, 2016, the
5 exemption shall also apply to grounds owned by a religious
6 institution or society, not exceeding a total of 50 acres, if
7 all monetary and in-kind profits of the religious institution
8 or society resulting from use or lease of the grounds are used
9 exclusively by the religious institution or society for the
10 appropriate objects of the institution or society.

11 Division III of the bill makes inapplicable Code section
12 25B.7. Code section 25B.7 provides that for a property tax
13 credit or exemption enacted on or after January 1, 1997, if a
14 state appropriation made to fund the credit or exemption is not
15 sufficient to fully fund the credit or exemption, the political
16 subdivision shall be required to extend to the taxpayer only
17 that portion of the credit or exemption estimated by the
18 department of revenue to be funded by the state appropriation.